

# News

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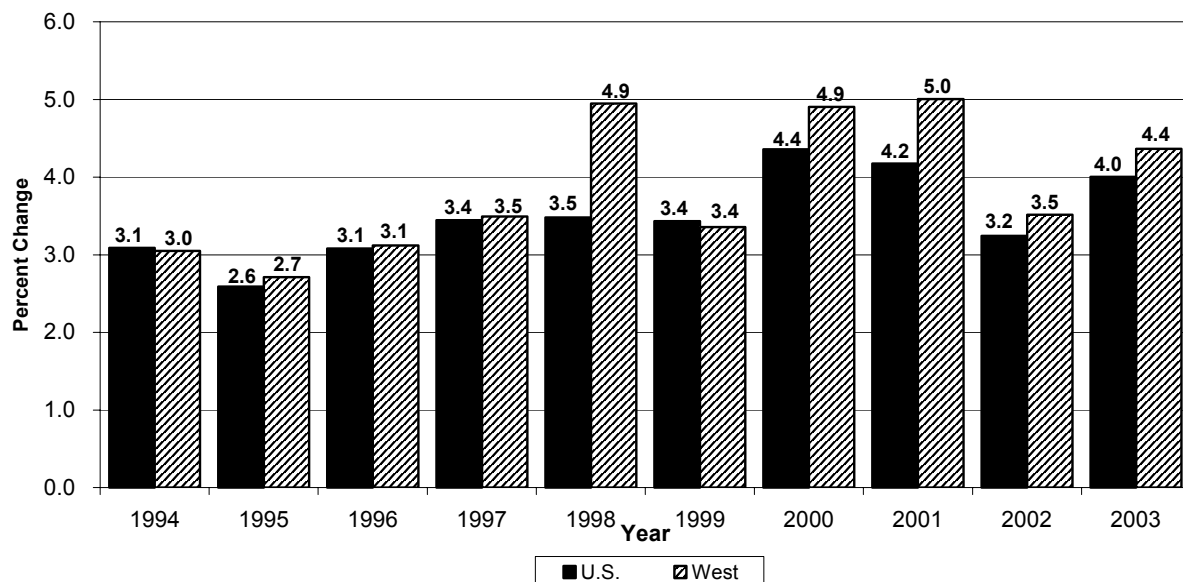
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## EMPLOYMENT COST INDEX FOR THE WEST DECEMBER 2003

In the West, private industry employer's costs for total compensation advanced 0.5 percent in the fourth quarter of 2003, reported the Bureau of Labor Statistics of the U.S. Department of Labor. Acting Regional Commissioner John D. Gordon said the West's increase exceeded the nation's 0.4 percent gain for the same period. The West index rose 4.4 percent from the fourth quarter of 2002 to the fourth quarter of 2003.

During the recent three-month period, the Northeast had the highest percentage point increase at 0.6 percent for total compensation costs. The Midwest and West recorded a gain of 0.5 percent for the same period, and the South increased 0.4 percent.

**Employment Cost Index, Total Compensation, Private Industry for the United States  
and West Region, Annual Percent Change, December 1994-2003**  
(Not Seasonally Adjusted Data)



In private industry, the over-the-year increase for total compensation costs was highest in the Midwest region (4.8 percent). The West posted a gain of 4.4 percent for the year ending in December 2003, compared to the Nation where these costs advanced 4.0 percent. The Northeast and South regions measured annual increases of 4.1 and 3.1 percent, respectively.

In the five-year span from December 1998 to December 2003, total compensation in the West rose 23.0 percent, compared to a 20.7 percent increase for the Nation. During this same period, total compensation advanced 22.0 percent in the Midwest, 20.4 percent in the Northeast, and 18.7 percent in the South.

## **Wages and Salaries**

In private industry, wages and salaries alone, exclusive of the cost of benefits, rose 0.3 percent in the West and South regions during the fourth quarter of 2003. This compares to a 0.4 percent increase for the Nation over the three-month period. The Northeast and Midwest showed advances from September to December of 0.6 and 0.2 percent, respectively.

For wages and salaries, at 3.9 percent the Midwest measured the highest annual gain ending December 2003. The West increased 3.2 percent for the 12-month period. Over-the-year, the Northeast and South registered increases of 3.3 and 2.1 percent, respectively, while the average advance for the Nation was 3.0 percent.

## **Compensation and Consumer Prices**

In the West, the 3.2 percent increase in wage and salary costs between December 2002 and December 2003 surpassed the 1.5 percent rise in the Consumer Price Index (CPI-U) for the West during this period. Over the past five years in the West, the 19.4 percent advance in wage and salary costs exceeded the 13.6 percent rise in the CPI.

**TECHNICAL NOTE:** The Employment Cost Index (ECI) is a quarterly measure of the change in the price of labor, free from the influence of employment shifts among occupations and industries. It includes measures of change in total compensation (wages and salaries plus the employer cost of employee benefits), wages and salaries, and benefits.

**Benefits included in the ECI are:** Paid leave (vacations, holidays, sick leave, and other leave); supplemental pay (premium pay for overtime, shift differentials, and nonproduction bonuses such as lump-sum payments in lieu of wage increases); insurance benefits (life, health, sickness and accident, and long-term disability); retirement and savings benefits (defined benefit and defined contribution); legally required benefits (Social Security, Federal and State unemployment insurance, workers' compensation, and other legally required benefits such as State temporary disability); and other benefits (severance pay and supplemental unemployment insurance plans).

**The ECI wage and salary series is limited to changes in wage and salary rates, defined as straight-time average hourly earnings. Straight-time earnings are total earnings before payroll deductions, excluding premium pay for overtime, work on weekends and holidays, and shift differentials. Production bonuses incentive earnings, commission payments and cost-of-living adjustments are included in straight-time earnings, whereas nonproduction bonuses (such as Christmas or year-end bonuses) are excluded. Also excluded are such items as payments-in-kind, free room and board, and tips.**

**The ECI sample is rotated over approximately five years; this makes it more representative and reduces respondent burden. The sample is replaced on a cross-area, cross-industry basis.**

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**Table 1. Employment Cost Index for total compensation, wages and salaries, and benefits for private industry workers, United States and Census Regions 1/.  
(Not seasonally adjusted data)**

Region	Indexes (June 1989=100)			Percent Changes for 3 Months ended:			Percent Changes for 12 Months ended:		
	Dec 2002	Sept 2003	Dec 2003	Dec 2002	Sept 2003	Dec 2003	Dec 2002	Sept 2003	Dec 2003
<b>Total Compensation 2/</b>									
National.....	162.3	168.1	168.8	0.4	1.0	0.4	3.2	4.0	4.0
West.....	165.0	171.4	172.2	0.7	1.1	0.5	3.5	4.6	4.4
Northeast.....	161.3	166.9	167.9	0.5	1.0	0.6	3.2	4.0	4.1
South.....	159.0	163.2	163.9	0.1	1.0	0.4	2.8	2.7	3.1
Midwest 3/.....	164.6	171.7	172.5	0.7	0.8	0.5	3.8	5.0	4.8
<b>Wages and Salaries:</b>									
National.....	157.5	161.7	162.3	0.3	0.8	0.4	2.7	3.0	3.0
West.....	160.1	164.7	165.2	0.5	1.0	0.3	2.6	3.4	3.2
Northeast.....	155.7	160.0	160.9	0.4	1.0	0.6	2.6	3.2	3.3
South.....	154.6	157.4	157.9	-0.1	0.8	0.3	2.2	1.7	2.1
Midwest 3/.....	160.2	166.1	166.5	0.6	0.7	0.2	3.6	4.3	3.9
<b>Benefits:</b>									
National.....	174.6	184.3	185.8	0.9	1.3	0.8	4.7	6.5	6.4

1/ Excludes self-employed, unpaid family members, private household employees and agriculture, forestry, fishing, and government employees.

2/ The index measures changes in compensation costs (wages, salaries, and employer cost for employee benefits).

3/ Formerly titled the North Central region.

**NOTE:**

Fixed employment weights are used each quarter to calculate the national series.

However, for the regional series the employment weights are reallocated each quarter based on the current sample. The indexes for the regional series, consequently, are not strictly comparable to the national series.

Table 2. Annual percent changes in total compensation, wages and salaries, and benefits private industry workers. (Not seasonally adjusted data) (Dec-Dec)

Region	Years									
	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
<b>Compensation: 1/</b>										
National.....	3.1	2.6	3.1	3.4	3.5	3.4	4.4	4.2	3.2	4.0
West.....	3.0	2.7	3.1	3.5	4.9	3.4	4.9	5.0	3.5	4.4
Northeast.....	3.0	2.8	2.6	3.0	3.3	3.4	4.2	4.0	3.2	4.1
South.....	3.1	2.5	3.3	3.8	2.6	3.5	3.9	4.0	2.8	3.1
Midwest 2/.....	3.1	2.6	3.0	3.6	3.3	3.5	4.8	3.5	3.8	4.8
<b>Wages and salaries: 1/</b>										
National.....	2.8	2.8	3.4	3.9	3.9	3.5	3.9	3.8	2.7	3.0
West.....	2.9	3.1	3.1	3.7	5.5	3.0	4.6	4.6	2.6	3.2
Northeast.....	2.5	2.8	3.3	3.1	3.6	3.3	3.6	3.9	2.6	3.3
South.....	2.7	2.8	3.8	4.7	2.8	3.5	3.4	3.3	2.2	2.1
Midwest 2/.....	3.1	2.9	3.3	4.2	3.8	4.1	4.2	3.4	3.6	3.9
<b>Benefits: 1/</b>										
National.....	3.7	2.2	2.0	2.3	2.4	3.4	5.6	5.1	4.7	6.4
<b>Consumer Price Index CPI-U (1982-1984)=100</b>										
National.....	2.7	2.5	3.3	1.7	1.6	2.7	3.4	1.6	2.4	1.9
West.....	2.3	2.1	2.9	2.6	1.8	2.8	3.9	2.5	2.1	1.5
Northeast.....	2.4	2.7	3.2	1.6	1.7	2.5	3.3	1.6	2.9	2.8
South.....	2.7	2.9	3.2	1.4	1.5	2.5	2.9	1.1	2.5	1.7
Midwest 2/.....	3.2	2.6	3.9	1.3	1.6	2.9	3.5	1.0	2.1	1.7
<b>ECI Wages and Salaries Constant dollar 3/</b>										
National.....	0.2	0.3	0.1	2.2	2.2	0.8	0.5	2.2	0.4	1.1
West.....	0.5	1.0	0.2	1.1	3.6	0.2	0.7	2.0	0.5	1.7
Northeast.....	0.1	0.1	0.1	1.4	2.0	0.8	0.3	2.3	-0.3	0.5
South.....	-0.1	-0.1	0.5	3.3	1.3	1.0	0.4	2.2	-0.3	0.5
Midwest 2/.....	-0.1	0.3	-0.5	2.8	2.1	1.1	0.6	2.4	1.4	2.2

1/ Compensation, Wages and Salaries, and benefits, as measured by the Employment Cost Index for private industry.

2/ Formerly titled the North Central region.

3/ ECI for Wages and Salaries adjusted by the impact of the comparable CPI-U 1982-84=100.

**Table 3. Comparative December to December percent changes in ECI, CPI-U, and Constant Dollars ECI for private industry workers. (Not seasonally adjusted data)**

Region	Percent changes over:		
	One-Year	Five-Years	Ten-Years
<b>Compensation 1/</b>			
National.....	4.0	20.7	40.9
West.....	4.4	23.0	45.8
Northeast.....	4.1	20.4	39.1
South.....	3.1	18.7	38.0
Midwest.....	4.8	22.0	42.3
<b>Wages and Salaries: 1/</b>			
National.....	3.0	18.1	39.4
West.....	3.2	19.4	42.8
Northeast.....	3.3	18.0	37.2
South.....	2.1	15.5	36.1
Midwest.....	3.9	20.7	42.9
<b>Benefits: 1/</b>			
National.....	6.4	28.0	44.8
<b>Consumer Price Index CPI-U (1982-84)=100</b>			
National.....	1.9	12.4	26.4
West.....	1.5	13.6	27.4
Northeast.....	2.8	13.8	27.6
South.....	1.7	11.2	24.8
Midwest.....	1.7	11.6	26.3
<b>ECI Wages and Salaries Constant Dollars/2</b>			
National.....	1.1	5.0	10.3
West.....	1.7	5.1	12.1
Northeast.....	0.5	3.6	7.5
South.....	0.5	3.9	9.0
Midwest.....	2.2	8.1	13.1

1/ Compensation, wages and salaries, and benefits as measured by the Employment Cost Index for Private industry (ECI).

2/ ECI for Wages and Salaries adjusted by the impact of the CPI-U (1982-84)=100

N/A = Not Available

**NOTE:** The regional coverage is:

West -- Alaska, Arizona, California, Colorado, Hawaii, Idaho, Montana, Nevada, New Mexico, Oregon, Utah, Washington, and Wyoming.

Northeast -- Connecticut, Maine, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island, and Vermont.

South -- Alabama, Arkansas, Delaware, District of Columbia, Florida, Georgia, Kentucky, Louisiana, Maryland, Mississippi, North Carolina, Oklahoma, South Carolina, Tennessee, Texas, Virginia, and West Virginia.

Midwest -- Illinois, Indiana, Iowa, Kansas, Michigan, Minnesota, Missouri, Nebraska, North Dakota, Ohio, South Dakota, and Wisconsin.